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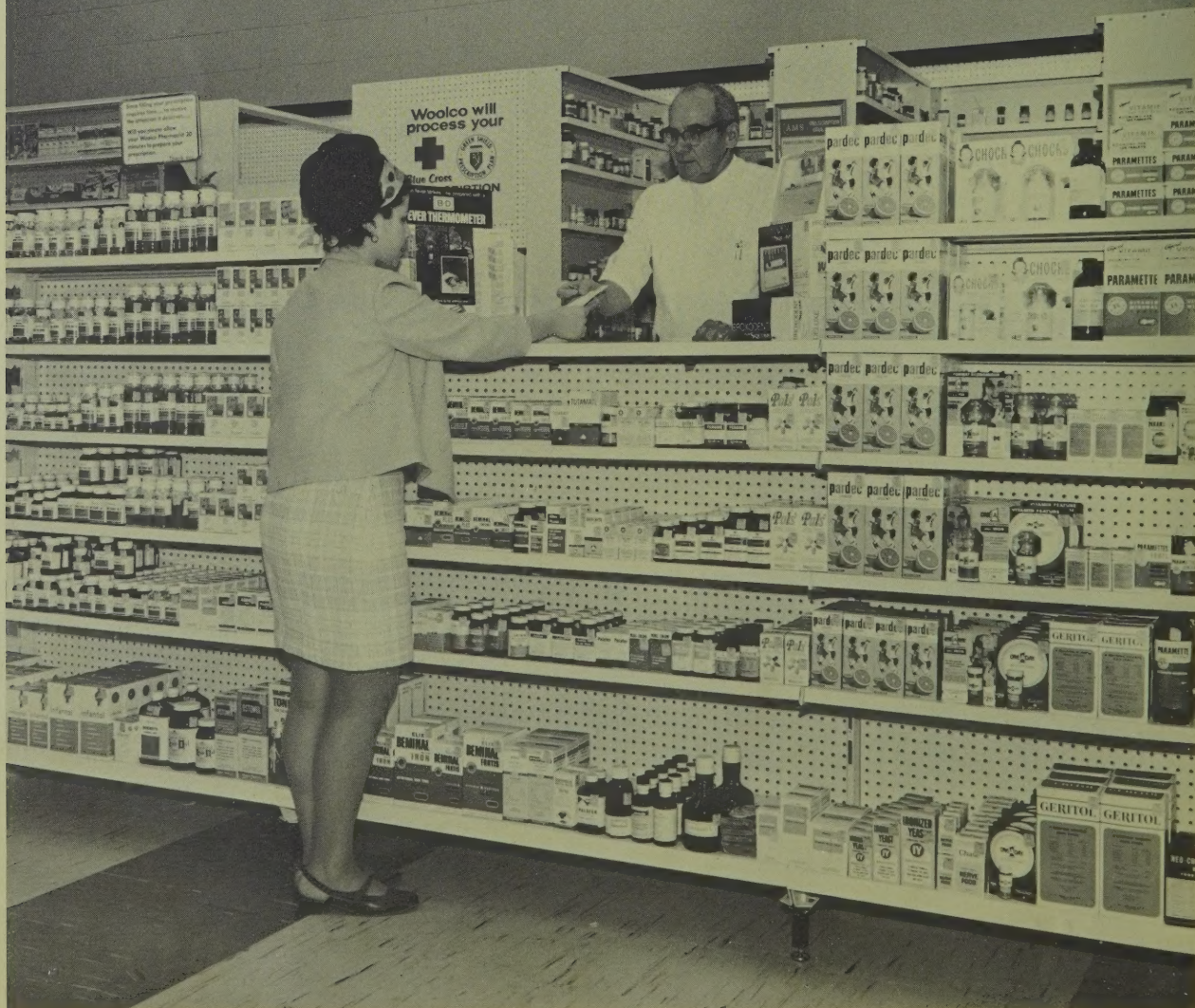
The Dominion Citrus Company Limited **1969
ANNUAL
REPORT**



Jack Austin Drugs Limited outlets are located in the Woolco Department Stores. Pictured below is one of the many new Woolco Stores designed to make shopping a pleasure. Surrounding each location are wide parking areas capable of accommodating upwards of 1000 cars.



PRESCRIPTIONS



DIRECTORS

Jack Austin
Ben Blidner
Michael Blidner
Maurice Cohen
Harry Izen
Louis Kirshenblatt
Jack M. Roth
Harold Soupcoff
Louis E. Soupcoff
Arthur J. Thomas

OFFICERS

<i>President</i>	Michael Blidner
<i>Vice-President</i>	Jack Austin
<i>Vice-President</i>	Harold Soupcoff
<i>Secretary-Treasurer</i>	Louis E. Soupcoff

TRANSFER AGENT AND REGISTRAR

Canada Permanent Trust Company
Toronto, Ontario

AUDITORS

Starkman, Kraft, Rothman, Berger & Grill
Toronto, Ontario

BANKERS

Canadian Imperial Bank of Commerce
Toronto, Ontario
Toronto-Dominion Bank
Toronto, Ontario

HEAD OFFICE

Ontario Food Terminal
The Queensway
Toronto 18, Ontario

TO THE SHAREHOLDERS

The amalgamation with Jack Austin Drugs Limited has proven to be an outstanding success. The progress of the drug division has been very encouraging, and bears out your management's judgment that the acquisition would add to the future growth of your company.

To provide a certain measure of comparison, this report contains a Financial Record for the Produce and Drug Divisions on a consolidated and segregated basis for prior fiscal years.

Consolidated sales for the year ended December 31, 1969 were **\$24,177,416**. Net earnings for the year amounted to **\$443,976** or **51.9¢** per share.

Produce Division

The Produce Division total wholesale sales were **\$12,974,203**—the highest in the history of the company.

In the past, slowdowns and recessions have had very little, if any effect on the sales and profits of the produce industry. Fresh fruits and vegetables are in constant demand, and the public has accepted the fact that they are vital to good health. The availability of imported fresh fruits and vegetables is now taken for granted by consumers who regard them as an integral part of the Canadian way of life. Our buyers in California, Florida, Mexico, and in Toronto know the importance of selecting produce at the peak of freshness.

Apart from imported fruits and vegetables, a large volume of domestic grown produce is shipped from our wholly owned subsidiary, Dominion Farm Produce Limited, under our brand name "Country Fresh". Our packaging plant, one of the most modern in Canada, which is located in Bradford, Ontario in the heart of one of the finest growing areas in the country, services large and small food chains, truckers and independent retailers from Winnipeg to the Maritimes, with the largest market penetration in the highly populated area of Ontario.

Because of the high quality and variety of merchandise we handle, we have captured a large portion of the independent and chain store business and have maintained our number one position in the Wholesale Fresh Fruit and Vegetable Industry.

The Produce Division has recently expanded its management team, which is the youngest in the industry, and the full impact of their contribution should be reflected in the continued good earnings in the future.

Drug Division

Earnings for the Drug Division increased to **\$207,945** from **\$136,512** for 1968, an increase of **52%** for the year. Retail sales increased **33%** to **\$11,203,213** from **\$8,401,266** for the same period.

In accordance with previous practices all new store opening expenses have been charged against earnings in the year that stores were opened. This is a conservative practice which tends to slow the rate of growth of reported earnings from year to year, while the business is expanding. However, this should result in higher reported earnings in the future. Management intends to continue this practice.

At the time of amalgamation with Jack Austin Pharmacy Limited, there were 22 retail drug outlets in operation. Today there are 31 locations. The increase of 9 units includes 4 opened during the year under review, and 5 new additional outlets opened in 1970.

Woolco Department Stores are located in major shopping centres, and the Woolco Department Stores themselves have over 100,000 square feet of selling area, and offer complete department store facilities. All drug outlets are located in the Woolco Department Stores in Ontario, Quebec, Manitoba, Saskatchewan and Alberta.

A recent announcement by the F. W. Woolworth Co. Limited stated that because of their success to date, they are continuing their aggressive expansion program of opening additional new Woolco Stores. These plans will create further opportunities for the expansion of our Drug Division. It is expected that three new additional retail outlets will be opened before the end of the year. Under the direction of its knowledgeable management team, the Drug Division is conducting intensive training programs, at all levels in order to continue to expand its management team so that it is always in position to maintain an efficient operation, regardless of the number of new stores opened.

During the past year we introduced our own private brands under the "Woolco" label. They met with immediate acceptance by the public, as evidenced by the high volume of repeat business. As a result, we were able to offer the consumers significant savings and yet maintain a good margin of profit. Management intends to increase the number of products offered for sale under its own private labels.

Outlook

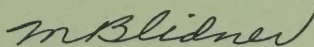
Because of the company's strong earnings position, in both its Produce and Drug Divisions, the future expansion program will present no financial problems.

The Board of Directors is confident that trends in the wholesale fruit and retail drug industries are favourable to the future operations of your company and are looking forward to a very successful earning position for 1970.

We are taking this opportunity to thank the management of F. W. Woolworth Co. Limited and Woolco Department Stores for giving us the opportunity of participating in the dynamic growth of their Woolco Department Stores.

We wish to thank our employees, associates and shareholders for their assistance and co-operation during the year.

Yours truly,



M. BLIDNER, *President*

The Dominion Citrus Company Limited
and wholly owned subsidiaries

**CONSOLIDATED
BALANCE
SHEET**

As at December 31, 1969
(With comparative figures
as at January 2, 1969
(After Amalgamation))

ASSETS

Current Assets

	December 31, 1969	January 2, 1969
Cash	\$ 736,408	\$ 120,217
Bank deposit receipt	50,000	100,000
Marketable securities, at cost (quoted market value—December 31—\$97,000; January 2—\$243,463)	116,320	229,539
Accounts receivable (less allowance for doubtful accounts—December 31—nil; January 2—\$10,000)	1,427,506	1,717,827
Merchandise inventory, at lower of cost or net realizable value	2,825,954	2,101,308
Prepaid expenses	54,026	14,563
	<u>\$5,210,214</u>	<u>\$4,283,454</u>

Fixed Assets, at cost

Plant and equipment	\$ 308,088	\$ 290,040
Mobile equipment	270,953	247,614
Leasehold improvements	44,504	42,035
	<u>\$ 623,545</u>	<u>\$ 579,689</u>
<i>Less: Accumulated depreciation and amortization</i>	328,284	293,956
	<u>\$ 295,261</u>	<u>\$ 285,733</u>
	<u><u>\$5,505,475</u></u>	<u><u>\$4,569,187</u></u>

The accompanying notes are an integral part of these financial statements.

Approved on behalf of the Board of Directors :

M. BLIDNER, *Director*

L. E. SOUPCOFF, *Director*

LIABILITIES AND SHAREHOLDERS' EQUITY**December 31, 1969** **January 2, 1969**

Current Liabilities

Bank indebtedness, secured by general assignment of book debts	\$ 150,000	\$ 332,194
Accounts payable	3,092,548	2,744,602
Income taxes payable	436,129	230,215
Current maturity of long-term debt (Note 5)	152,000	—
Demand loans payable—9%	130,000	—
	<hr/>	<hr/>
	\$3,960,677	\$3,307,011

Long-Term Debt (Note 5)

208,000 362,062

Total Liabilities

\$4,168,677 \$3,669,073

Shareholders' Equity (Notes 1 and 2)**Capital****Authorized**

1,500,000 shares without par value

Issued and Fully Paid

855,750 shares (January 2—854,725 shares)

Retained Earnings (Note 10)

\$ 131,670	\$ 127,057
<hr/> 1,205,128	<hr/> 773,057
<hr/> \$1,336,798	<hr/> \$ 900,114
<hr/> \$5,505,475	<hr/> \$4,569,187

The Dominion Citrus Company Limited
and wholly owned subsidiaries

**CONSOLIDATED
STATEMENT OF
EARNINGS**

For the Period from
January 2, 1969
(After Amalgamation)
to December 31, 1969

Sales		\$24,177,416	
Earnings From Operations Before the Following Charges		\$ 1,036,347	
Depreciation and amortization (Note 6)	\$ 75,663		
Interest on long-term debt	30,815		
Income taxes	480,390	586,868	
Earnings Before Extraordinary Items		\$ 449,479	
Extraordinary items (Note 8)		(5,503)	
Net Earnings for Period		\$ 443,976	

	Earnings Before Extraordinary Items	Net Earnings for Period
Earnings per share	52.6¢	51.9¢
Fully diluted earnings per share (Note 9)	51.7¢	51.1¢

**CONSOLIDATED
STATEMENT OF
RETAINED
EARNINGS**

For the Period from
January 2, 1969
(After Amalgamation)
to December 31, 1969

Retained Earnings—January 2, 1969	
As previously reported	\$ 773,057
Adjustment of prior years' income taxes (Note 10)	11,905
As restated	\$ 761,152
Net earnings for period	443,976
Retained Earnings—December 31, 1969	\$ 1,205,128

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

**For the Period from
January 2, 1969
(After Amalgamation)
to December 31, 1969**

Working Capital—January 2, 1969			\$ 976,443
Source of Funds			
Net earnings for period		\$443,976	
Add: Depreciation and amortization (Note 6)		75,663	
		<u>\$519,639</u>	
Exercise of employees' stock options (Note 2)		4,613	
		<u>\$524,252</u>	
Application of Funds			
Purchase of fixed assets	\$ 85,191		
Decrease in long-term debt	154,062		
Adjustment of prior years' income taxes (Note 10)	11,905	251,158	
		<u></u>	
Increase in Working Capital			<u>273,094</u>
Working Capital—December 31, 1969			<u><u>\$1,249,537</u></u>

The accompanying notes are an integral part of these financial statements.

AUDITORS' REPORT

To the Shareholders of
The Dominion Citrus Company Limited

We have examined the consolidated balance sheet of The Dominion Citrus Company Limited and its wholly owned subsidiaries as at December 31, 1969 and the consolidated statements of earnings, retained earnings and source and application of funds for the period then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the companies as at December 31, 1969 and the results of their operations and the source and application of their funds for the period then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the predecessor companies in the preceding periods.

Toronto, Ontario
April 6, 1970

Starkman, Kraft, Rothman, Berger & Grill
Chartered Accountants

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 1969

1. Principles of Consolidation

By Letters Patent of Amalgamation dated January 2, 1969, the Company was formed from the amalgamation of Dominion Citrus Company Limited and Jack Austin Pharmacy Limited, Alwoodley Limited and Nene Limited. As a result of the amalgamation, Dominion Farm Produce Limited, which was previously wholly owned by Dominion Citrus Company Limited and Jack Austin Drugs Limited (formerly Elm Drugs Limited), Jack Austin Pharmacy (Alberta) Limited and Jack Austin Pharmacy (Saskatchewan) Limited, which were previously wholly owned by Jack Austin Pharmacy Limited, Alwoodley Limited and Nene Limited, became wholly owned subsidiaries of the Company.

An aggregate of 504,725 shares in the capital of the Company were issued to the shareholders of Dominion Citrus Company Limited and an aggregate of 350,000 shares in the capital of the Company were issued to the shareholders of Jack Austin Pharmacy Limited, Alwoodley Limited and Nene Limited.

At January 2, 1969 (after amalgamation), shareholders' equity of the Company was comprised as follows:

	No. of Shares	Paid-in Capital	Retained Earnings
Dominion Citrus Company Limited	504,725	\$124,404	\$319,024
Dominion Farm Produce Limited			21,015
	<u>504,725</u>	<u>\$124,404</u>	<u>\$340,039</u>
Jack Austin Pharmacy Limited	140,000	\$ 2,002	\$153,562
Alwoodley Limited	175,000	100	193,304
Nene Limited	35,000	551	38,636
Jack Austin Drugs Limited			(5,058)
Jack Austin Pharmacy (Alberta) Limited			49,005
Jack Austin Pharmacy (Saskatchewan) Limited			3,569
	<u>350,000</u>	<u>\$ 2,653</u>	<u>\$433,018</u>
	<u>854,725</u>	<u>\$127,057</u>	<u>\$773,057</u>

The consolidated financial statements include the accounts of:

PRODUCE DIVISION

Produce operations of The Dominion Citrus Company Limited

Dominion Farm Produce Limited

DRUG DIVISION

Jack Austin Drugs Limited

Fern Distributors (division of Jack Austin Drugs Limited)

Jack Austin Pharmacy (Alberta) Limited

Jack Austin Pharmacy (Saskatchewan) Limited

2. Employees' Stock Option Plan

During the period ended December 31, 1969, 17,500 shares were reserved for employees' stock options; options to purchase 11,000 shares (net of terminations) at \$9.90 per share, expiring in 1974 were granted; and options for 1,025 shares at \$4.50 per share were exercised. At December 31, 1969 options to purchase 17,850 shares at \$4.50 per share, expiring in 1972 and options to purchase 11,000 shares at \$9.90 per share, expiring in 1974 were outstanding and 7,900 shares were reserved for future grants. Subsequent to December 31, 1969 the board of directors approved the granting of options on an additional 2,000 shares at a price per share being the greater of \$6.50 or 10% below the market price.

3. Commitments Under Long-Term Leases

- The Company has contracted to lease its warehouse and office premises in the Ontario Food Terminal Building for a period of 30 years ending June 30, 1984 at an annual rental of \$13,650. The Company has the option to renew this lease for additional 30-year terms at a nominal rental of \$1.00 per annum plus 1% of the operating and maintenance expenses of the building. The Company may terminate the lease or subsequent renewal at the expiration of either 10 or 20 years.
- Under license agreements expiring in 1979 and 1980, the minimum total annual rentals payable by Jack Austin Drugs Limited amounts to approximately \$585,000 including certain occupancy costs but exclusive of additional rent payable based on a percentage of gross sales.
- Under a lease expiring in 1988, the minimum annual rental payable by Fern Distributors for head office and warehouse facilities amounts to \$24,400 excluding certain occupancy costs.

4. Contingent Liabilities

The Company is contingently liable for:

- Railway Guarantee Bonds in the amount of \$66,000
- Guarantees of leases of other companies expiring in 1981 and 1983 at an annual rental of approximately \$40,500 excluding certain occupancy costs.
- Subsequent events which are in the normal course of business include the opening of new drug stores. It is management policy to write off the cost of new store openings in the year incurred. At December 31, 1969 the Drug Division operated 26 outlets; at report date, an additional 5 outlets were in operation.

5. Long-Term Debt

Long-term debt is comprised of the following loans payable:

Other corporation—10%, due June 30, 1970	\$100,000
Other corporations and shareholders—8%, due in five annual instalments of \$52,000 each, commencing in 1970	260,000
	<u>\$360,000</u>
<i>Less: Current maturity</i>	<u>152,000</u>
	<u><u>\$208,000</u></u>

6. Depreciation and Amortization

Depreciation and amortization have been computed in accordance with the maximum capital cost allowance rates allowed by the Income Tax Act.

7. Directors' Remuneration

Total remuneration paid during the period to directors and senior officers as defined by The Corporations Act (Ontario) amounted to \$190,557.

8. Extraordinary Items

The extraordinary items are:

i) Amalgamation expenses of \$21,177	
less income tax reduction of \$11,311	<u>\$(9,866)</u>
ii) Gain on sale of marketable securities	<u>4,363</u>
	<u><u>\$(5,503)</u></u>

9. Fully Diluted Earnings Per Share

Fully diluted earnings per share shows the effect on earnings per share which would result if all the employees' stock options outstanding at January 2, 1969; granted during the period; and granted after December 31, 1969 had been exercised at January 2, 1969. For purposes of calculating diluted earnings per share, it has been assumed that the funds derived from the exercise of these stock options had been invested to produce an annual return of 9%, which yields an imputed income of \$8,900 after income taxes.

10. Prior Period Adjustment

During the period, the Company was re-assessed \$11,905 for income taxes applicable to prior periods. Accordingly, the balance of retained earnings at January 2, 1969 has been restated from the amount previously reported to reflect this re-assessment.

11. Comparative Financial Statements

Due to the amalgamation on January 2, 1969 as outlined in Note 1 and the change in year-end of the Produce Division from April 30 to December 31, audited financial information for 1968 as related to earnings and source and application of funds is not available and therefore is not provided.

The Dominion Citrus Company Limited
and wholly owned subsidiaries

**FINANCIAL
RECORD**

	1969			1968 (Note 1)			1968
	Produce Division	Drug Division	Consolidated	Produce Division	Drug Division	Combined	Produce Division
SALES	\$12,974,203	\$11,203,213	\$24,177,416	\$11,832,038	\$ 8,401,266	\$20,233,304	\$11,147,47
EARNINGS BEFORE INCOME TAXES	478,420	434,635	913,055	464,516	284,785	749,301	413,20
Income taxes (Note 2)	242,389	226,690	469,079	223,114	148,273	371,387	195,84
NET EARNINGS	\$ 236,031	\$ 207,945	\$ 443,976	\$ 241,402	\$ 136,512	\$ 377,914	\$ 217,35
NUMBER OF OUTLETS—END OF PERIOD		26			22		
EARNINGS PER SHARE (Note 3)			51.9¢			44.5¢	

Note 1:

The years 1964 through 1968 combine the following accounts:

	Produce Division	Drug Division
1968	8 months ended January 2, 1969 4 months ended April 30, 1968 (pro forma)	12 months ended December 31, 1968 (pro forma)
1968-1967	12 months ended April 30, 1968 (pro forma)	12 months ended December 31, 1967 (pro forma)
1967-1966	12 months ended April 30, 1967 (pro forma)	12 months ended December 31, 1966 (pro forma)
1966-1965	12 months ended April 30, 1966 (pro forma)	12 months ended December 31, 1965 (pro forma)
1965-1964	12 months ended April 30, 1965 (pro forma)	12 months ended December 31, 1964 (pro forma)

Note 2:

Income taxes for the years 1964 through 1968 have been restated from the amounts previously reported to treat the divisions as if they were associated under the Income Tax Act.

Note 3:

Earnings per share for the years 1964 through 1968 are based on 850,000 shares outstanding. At December 31, 1969, 855,750 shares and options to purchase 28,850 shares were outstanding.

967 (Note 1)		1967-1966 (Note 1)			1966-1965 (Note 1)			1965-1964 (Note 1)		
Drug Division	Combined	Produce Division	Drug Division	Combined	Produce Division	Drug Division	Combined	Produce Division	Drug Division	Combined
6,140,399	\$17,287,870	\$10,202,612	\$ 4,220,958	\$14,423 570	\$ 8,577.676	\$ 2,665,837	\$11,243,513	\$ 7,597,847	\$ 1,884,383	\$ 9,482,230
233,470	646,672	361,547	222,444	583,991	271,190	\$ 203,954	475,144	198,947	127,501	326,448
117,344	313,188	179,088	111,610	290,698	130,403	101,996	232,399	88,730	62,240	150,970
116,126	\$ 333,484	\$ 182,459	\$ 110,834	\$ 293,293	\$ 140,787	101,958	\$ 242,745	\$ 110,217	\$ 65,261	\$ 175,478
<u>18</u>			<u>15</u>			<u>7</u>			<u>5</u>	
	<u>39.2¢</u>			<u>34.5¢</u>			<u>28.6¢</u>			<u>20.6¢</u>

View showing a modern cosmetic department in a Woolco Store operated by Jack Austin Drugs Limited. A Beauty Counsellor is on duty at all times to assist the consumer.



An interior view of a Jack Austin Drug Department in a Woolco Store featuring the latest in modern mass merchandising techniques.



WOOLCO STORES

ONTARIO:

Agincourt Shopping Mall,
3850 Sheppard Ave. East,
Agincourt, Ontario.

St. George Rd. & Hwy 24,
Brantford, Ontario.

Brookdale Ave. & 7th St.,
Cornwall, Ontario.

Hamilton Mountain Shopping Centre,
Upper James & Fennell Strs.,
Hamilton, Ontario.

Frontenac Mall Shopping Centre,
R.R. #7,
Kingston, Ontario.

Fairview Park Shopping Centre,
Kitchener, Ontario.

Argyle Shopping Mall,
1925 Dundas St. East,
London Ontario.

345 Queen St. East,
Sault Ste. Marie, Ontario.

Lambton Mall Shopping Centre,
London Road,
Sarnia Township, Ontario.

Lincoln Mall Shopping Centre,
549 Welland Ave.,
St. Catharines, Ontario.

New Sudbury Shopping Centre,
Barrydowne & LaSalles Blvd.,
Sudbury, Ontario.

Crossroads Shopping Centre,
Hwy #2 & Thickson Road,
Whitby, Ontario.

Gateway Shopping Plaza,
Dougall Road,
Windsor 22, Ontario.

Eastown Shopping Centre,
1950 Lauzon Road,
Windsor 17, Ontario.

2295 Sheppard Ave. West.,
Weston, Ontario.

SASKATCHEWAN:

353 North Albert St.,
Regina, Saskatchewan.

QUEBEC:

Taschereau Shopping Centre,
7200 Taschereau Blvd.,
Brossard, Quebec.

Centre Ste. Anne,
2960 Blvd. Ste. Anne,
Giffard 51, Quebec.

Granby Plaza,
St. James & St. Charles St.,
Granby, Quebec.

Kirkland Plaza,
17101 Ste. Mary's Road,
Kirkland 950, Quebec.

Plaza Laval Shopping Centre,
1660 LeCorbusier Blvd.,
Laval (Montreal) Quebec.

20 East Trans-Canada Road,
Levis, Quebec.

Rock Forest Shopping Centre,
P.O. Box 190,
Rock Forest, (Sherbrooke), Quebec.

Centre Langelier,
7445 Langelier Blvd.,
St. Leonard, Quebec.

ALBERTA:

37th St. & 12th Ave. S.W.,
Calgary, Alberta.

MacLeod Mall Shopping Centre,
9650 MacLeod Trail,
Calgary, Alberta.

#1 Capilano Shopping Mall,
98th Ave. & Terrace Rd.,
Edmonton, Alberta.

Centennial Village Shopping Centre,
170th St. & Stony Plain Rd.,
Edmonton, Alberta.

College Mall Shopping Centre,
Mayor Magrath Dr. & 20th Ave.,
Lethbridge, Alberta.

MANITOBA:

Crossroads Shopping Centre,
1580 Regent Ave. West.,
Transcona 25, Manitoba.

Grant Park Plaza,
1080 Grant Ave.,
Winnipeg 9, Manitoba.
